

Agenda Item: 12-5C.2

Meeting Dates: August 11 and 12, 2004

**CONSIDERATION OF A RESOLUTION RECOMMENDING TO THE
DEPARTMENT OF HEALTH SERVICES THAT IT PROCEED WITH ITS
2004 PROPOSITION 50 WATER SECURITY AND SAFE DRINKING WATER GRANT
PROPOSAL SOLICITATION PACKAGE, CONSISTENT WITH THE STATED PRIORITIES,
SOLICITATION AND EVALUATION CRITERIA AND PROCESS, AND SCHEDULE**

Summary: This resolution would recommend to the Department of Health Services that it proceed with its Proposal Solicitation Packages for soliciting water security and safe drinking water grant proposals, consistent with the stated priorities, solicitation and evaluation criteria and process, and schedule.

Recommended Action: Staff recommends that the Authority adopt the attached Resolution 04-08-11 because it is anticipated that a significant portion of the funded projects will assist in meeting CALFED drinking water quality goals and objectives.

Background

Proposition 50 (The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002), (Water Code §79500, et seq.) was passed by the voters of California in the general election of November 5, 2002.

The Department of Health Services (DHS) is responsible for implementing Water Code §79520 (Chapter 3 - Water Security) and Water Code §79530 (Chapter 4 - Safe Drinking Water).

Some aspects of Proposition 50 were clarified by Assembly Bill 1747 (Chapter 240, Statutes of 2003), which was signed into law by the Governor on August 13, 2003, taking effect immediately. AB 1747 includes requirements that apply to DHS implementation of Proposition 50.

Grant Program Descriptions:

Chapter 3: Water Security

These funds may be used for monitoring and early warning systems, fencing, protective structures, contamination treatment facilities, emergency interconnections, communications systems, and other projects designed to prevent damage to water

treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination. (\$50 Million)

Chapter 4: Safe Drinking Water

Chapter 4 includes 6 grant programs:

- **Infrastructure Grant Program #1:** Grants to small community water systems (SCWS) (<1,000 service connections or <3,300 persons) to upgrade monitoring, treatment, or distribution infrastructure. (\$14 Million)
- **Infrastructure Grant Program #2:** Grants to finance development and demonstration of new treatment and related facilities for water contaminant removal and treatment. (\$14 Million)
- **Infrastructure Grant Program #3:** Grants for community water system water quality monitoring facilities and equipment. (\$14 Million)
- **Infrastructure Grant Program #4:** Grants for drinking water source protection. (\$14 Million)
- **Infrastructure Grant Program #5:** Grants for treatment facilities necessary to meet disinfection byproduct (DBP) safe drinking water standards. (\$14 Million)
- **Southern California Projects:** Grants to Southern California water agencies to assist in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre-feet (MAF) per year. (~\$260 Million)
- (An additional \$90 Million is allocated to provide the state match for the federal Safe Drinking Water State Revolving Fund.)

Status of Criteria Development

To address the requirements of Proposition 50 and AB 1747, DHS drafted criteria for the ranking of projects. The draft criteria for Chapters 3 and 4 were posted on the DHS website in October 2003. DHS presented the draft criteria to the CALFED Drinking Water Subcommittee in October 2003. DHS also mailed the draft criteria to public water systems. DHS invited public comments to be submitted by January 20, 2004. DHS then revised the draft criteria in response to submitted comments. The revised draft criteria were posted on the DHS website in late January 2004 at <http://www.dhs.ca.gov/ps/ddwem/Prop50/default.htm>.

DHS held two public meetings, as required by statute, to present and receive input on the revised draft criteria. These were held on February 24, 2004 in Sacramento and February 26 in Los Angeles. DHS invited public comments to be submitted until March 4, 2004.

These comments were considered in developing the final criteria. The final criteria for Chapters 3 and 4 have been approved by the DHS and the Health and Human Services

Agency. The issue of funding privately owned public water systems is being discussed at the Legislature and Governor's Office. We anticipate resolution in August.

Significant Changes in Latest Version of Criteria

Priority ranking procedures for Southern California projects were revised to consider health risk, population, volume of Colorado River demand reduced, and cost per volume of demand reduced.

Criteria were established for determining projects eligible for funds set aside for disadvantaged communities. Criteria were established for awarding bonus points to projects serving disadvantaged communities based on median household income and physical consolidation.

Other Comments

Water systems will be asked to specify on the pre-application forms if the proposed project is CALFED related. Criteria to make this determination will be supplied by CBDA staff.

PSP Priorities

The goals of the Proposition 50 water security and safe drinking water grant programs are to address the highest risk infrastructure needs. DHS has applied the same priority structure to the grant criteria as for setting safe drinking water standards. In general, the highest health risk is addressed first (e.g., pathogen contamination = acute health risk), with chronic health risks considered a lower priority. Priority will also be given to larger populations that are served by a proposed project. Disadvantaged communities are also a priority for funding as 25% of the grant funds are set aside specifically for these applicants.

Proposal Selection Process and Anticipated Schedule

1. Pre-applications are received by DHS and initially reviewed by DWR (to determine qualification as disadvantaged community) and CBDA staff (to determine if project is CALFED related). December 1, 2004
2. Proposals are reviewed by DHS technical staff, other agencies and science panels as appropriate.
3. Reviewers submit preliminary ratings, based on criteria established in the PSP.
4. The reviewers convene to discuss proposals, receive any additional clarification, and revise their scores, as desired.
5. Based on scores, DHS prepares two draft Project Priority Lists for each grant program: disadvantaged communities and general projects. Projects recommended for funding are identified on all lists.

6. Draft Project Priority Lists are reviewed by stakeholder committee, CALFED BDPAC, CBDA, and the public through a workshop during the public comment period. **April 2005**
7. Final funding recommendations are presented to DHS management.
8. DHS makes the final funding decision. **May 2005**
9. Projects selected for funding will be posted on the DHS website at www.dhs.ca.gov.
10. Selected projects will be invited to submit full applications. **June 2005**
11. Detailed applications due to DHS. **June 2005 – March 2006**
12. DHS, DWR and CBDA staff will conduct detailed review and establish final conditions for funding, including CEQA.
13. Contract negotiations begin.
14. Final contracts are executed. **October 2005 – June 2006**
15. Projects begin. **October 2005 – June 2006**

The release of the PSP is subject to the availability of funds and final approval by DHS. In addition, DHS plans to repeat this process on an annual basis over the next four years subject to the availability of funds and final approval by DHS.

Fiscal Information

Funding Source: Water Code, Chapter 3 Section 79520 and Chapter 4 Section 79530 of Proposition 50

Term: First Year: July 1, 2004 to June 30, 2005

Total Amount: \$94,000,000

List of Attachments

Attachment 1 – Tables describing project priority categories based on health risk.
Resolution 04-08-11

Contact

Gary Yamamoto
Leah Walker
Department of Health Services

Phone: (916) 449-5647
Phone: (707) 576-2295

DHS Drinking Water State Revolving Fund (DWSRF) Categories
For Prop 50 Chapter 4(a) Infrastructure Grant Program 1

Category	<u>Description</u>
DWSRF-A	Demonstrated illness attributable to the water system or system under court-ordered compliance — There are no systems in Category A
DWSRF-B	Microbial contamination of the water supply resulting in a repeated coliform bacteria maximum contaminant level (MCL) violation
DWSRF-C	Unfiltered surface water or wells that have fecal or E. coli contamination
DWSRF-D	Filtered surface water that violates the surface water filtration and disinfection regulation
DWSRF-E	Insufficient water source capacity resulting in water outages
DWSRF-F	Nitrate/nitrite contamination exceeding MCL
DWSRF-G	Chemical contamination (other than nitrate/nitrite) exceeding a primary MCL
DWSRF-H	Uncovered distribution reservoirs and low-head lines
DWSRF-I	Systems meeting existing MCLs but not proposed microbial MCLs or the California Cryptosporidium Action Plan
DWSRF-J	Significant sanitary defect involving sewage
DWSRF-K	Disinfection facilities that have defects
DWSRF-L	Systems meeting existing MCLs but not future non-microbial MCLs or action levels
DWSRF-M	Other waterworks standards defects
DWSRF-O	Other water system deficiencies
DWSRF-X	Combine project with another submitted by system
DWSRF-Z	Ineligible projects or systems

**DHS Proposition 50/AB 1747 Categories
For Prop 50 Chapter 4(a) Infrastructure Grant Programs 2 and 3
and Chapter 4(b) Southern California Projects**

Category	Description	Contaminants Included in Category (or examples of contaminants, for Categories 50-E, 50-H, and 50-I)
50-A	Projects addressing microbial contaminants that violate a state or federal primary MCL or violate a drinking water treatment standard.	Microbial contaminants, <i>Giardia</i> , <i>Cryptosporidium</i> , turbidity
50-B	Projects addressing contaminants that exceed a state or federal primary MCL and that are considered to result in acute health effects, developmental effects, or effects from shorter-term exposure.	Nitrate and Nitrite; also Perchlorate, once its MCL is adopted
50-C	Projects addressing an emerging contaminant that is considered to result in health effects, developmental effects, or effects from shorter-term exposure, and one for which an MCL will be established and that is identified as a priority, pursuant to AB 1747.	Perchlorate, until its MCL is established.
50-D	Projects addressing contaminants that exceed a state or federal MCL, and that are given priority by AB 1747	Arsenic, Uranium; Disinfection byproducts—TTHMs, HAA5, bromate, chlorite
50-E	Projects addressing contaminants that exceed a state or federal primary MCL and that are not identified in 50-A, 50-B, 50-C, or 50-D	Benzene, 1,2-Dichloroethane, Carbon tetrachloride, DBCP, EDB, PCE, TCE, MTBE
50-F	Projects addressing an emerging contaminant that is considered to result in chronic health effects (that is, not the effects mentioned in Category 50-C), and one for which an MCL will be established, and that is identified as a priority, pursuant to AB 1747.	Chromium-6*
50-G	Projects addressing unregulated contaminants detected in drinking water and generally are considered by the scientific community to be endocrine disrupters, pursuant to AB 1747.	Endocrine disrupters
50-H	Projects addressing contaminants that are detected above a DHS drinking water action level**. Action levels may be established by DHS for emerging contaminants found in drinking water.	1,2,3-Trichloropropane, NDMA, 1,4-Dioxane
50-I	Projects addressing contaminants that exceed a state secondary MCL.	Iron, Manganese, Zinc, Total Dissolved Solids (TDS), Specific Conductance, Chloride
50-J	Other emerging contaminants	--

*Chromium-6 is currently regulated under MCL for total chromium, and could be considered under 50-E, if the total chromium MCL is exceeded and chromium-6 is contributing to the exceedance. Once a chromium-6-specific MCL is adopted, it would likely move to 50-D or 50-E, pursuant to AB 1747's priorities.

** An action level is an advisory level established by DHS for some unregulated chemicals found in drinking water. Over the past two decades, a number of chemical contaminants have proceeded from having action levels to having MCLs, though many have remained with only their action levels. Currently there are 49 contaminants with action levels.

DHS Source Water Protection (SWP) Proposition 50 Categories For Prop 50 Chapter 4(a) Infrastructure Grant Program 4

Category	Description
SWP-A	Projects addressing possible contaminating activities (PCAs) associated with microbial contaminants located in Zone A for a groundwater source or projects addressing PCAs associated with microbial contaminants or turbidity in Zones A or B for a surface water source.
SWP-B	Projects addressing PCAs associated with contaminants with established maximum contaminant levels (MCLs) that may cause acute health effects located in zones for groundwater or surface water sources.
SWP-C	Projects addressing PCAs associated with contaminants with established MCLs that may cause acute health effects located in the recharge area for a groundwater source or within the watershed for a surface water source.
SWP-D	Projects addressing PCAs associated with other contaminants with established MCLs located in zones for groundwater or surface water sources.
SWP-E	Projects addressing PCAs associated with other contaminants with established MCLs located in the recharge area for a groundwater source or within the watershed for a surface water source.
SWP-F	Projects addressing PCAs associated with contaminants without established MCLs that may cause acute health effects located in zones for groundwater or surface water sources.
SWP-G	Projects addressing PCAs associated with contaminants without established MCLs that may cause acute health effects located in the recharge area for a groundwater source or within the watershed for a surface water source.
SWP-H	Projects addressing PCAs associated with other contaminants without established MCLs located in zones for groundwater or surface water sources.
SWP-I	Projects addressing PCAs associated with other contaminants without established MCLs located in the recharge area for a groundwater source or within the watershed for a surface water source.

Definitions

Possible Contaminating Activity: A human activity as defined by the California Department of Health Services Drinking Water Source Assessment and Protection program that is an actual or potential origin of contamination for a drinking water source and includes sources of both microbial and chemical contaminants that could have adverse effects upon human health.

Contaminants that may cause acute health effects: Contaminants that have the potential to cause acute or immediate health effects, i.e., death, damage or illness appearing within hours or days after exposure. This definition is limited to microbial contaminants (including turbidity for surface water sources), nitrate and nitrite, and perchlorate, for purposes of this program.

Zones: Delineated areas for a source of drinking water established in accordance with the California Department of Health Services Drinking Water Source Assessment and Protection program.

DHS Prop 50 Chapter 4(a) Infrastructure Grant Program 5
Worksheet to Determine Theoretical Cancer Risk
from Disinfection Byproducts (DBPs)

A	B		D	E	F
Disinfection Byproducts (DBPs) Includes total trihalomethanes (TTHM) and Haloacetic acids (HAA5) ¹	(in µg/L)	DBP conc for <i>de minimis</i> cancer risk ¹ (µg/L)	Enter average DBP conc (µg/L) for all DBPs, including TTHM & HAA5 ⁴	Divide DBP conc's in Column D by Column C, and enter here to yield cancer risk per million	Sum values in Column E at the bottom of this column <i>This is the estimated risk from DBPs in theoretical cancer cases per million people per lifetime.</i>
TTHM	80				
Bromodichloromethane (IRIS, 1993)*		0.6			
Bromoform (IRIS, 1991)		4			
Chloroform (IRIS, 1991)		N/A ²		N/A	
Dibromochloromethane (IRIS, 2002)		0.4			
HAA5	60				
Monochloroacetic Acid		-- ³		--	
Dichloroacetic Acid (IRIS, 2003)		0.7			
Trichloroacetic Acid (IRIS, 1996)		N/A		N/A	
Monobromoacetic Acid		--		--	
Dibromoacetic Acid		--		--	
OTHER					
Bromate (IRIS, 2001)	10	0.05			
Chlorite (IRIS, 2000)	1,000	N/A		N/A	Total =

¹ (IRIS, date) refers to US EPA's Integrated Risk Information System (IRIS), <http://www.epa.gov/iris> and the date of the IRIS Carcinogenicity Assessment, which provides the concentration in drinking water [Column C] that corresponds to an excess lifetime (70-year) cancer risk of up to one case of cancer per million people.

² N/A means IRIS does not consider the chemical to pose a cancer risk (chloroform), lacks a quantitative estimate (trichloroacetic acid), or is not classifiable as to cancer risk (chlorite).

³ — indicates no information available from US EPA's IRIS.

⁴ Water systems ≥10,000 population use last 5 years quarterly data; other systems use all data.

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**CALIFORNIA BAY-DELTA AUTHORITY
RESOLUTION 04-08-11**

RECOMMENDING TO THE DEPARTMENT OF HEALTH SERVICES THAT IT PROCEED WITH ITS PROPOSITION 50 WATER SECURITY AND SAFE DRINKING WATER PROPOSAL SOLICITATION PACKAGE, CONSISTENT WITH THE STATED PRIORITIES, SOLICITATION AND EVALUATION CRITERIA AND PROCESS, AND SCHEDULE

WHEREAS, the Department of Health Services (DHS) Proposition 50 Water Security and Safe Drinking Water Proposal Solicitation Package (PSP) is expected to fund a significant number of projects that will assist in meeting CALFED drinking water quality goals and objectives; and

WHEREAS, the process is designed to make maximum use of Proposition 50 bond funds by selecting proposals that are of high quality and consistent with safe drinking water priorities; and

WHEREAS, the process outlined for this solicitation gives focused attention to the safe drinking water needs of disadvantaged communities;

WHEREAS, the process outlined for this solicitation will direct bond funds to CALFED drinking water quality priorities such as source protection, new contaminant reduction technologies, drinking water quality monitoring, and facilities necessary to meet disinfectant by-product safe drinking water standards;

NOW, THEREFORE, BE IT RESOLVED that the California Bay-Delta Authority recommends to the Department of Health Services that it proceed with its Proposition 50 Water Security and Safe Drinking Water PSP, consistent with the stated priorities, solicitation and evaluation criteria and process, and schedule.

CERTIFICATION

The undersigned Assistant to the California Bay-Delta Authority does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Authority held on August 11 and 12, 2004.

Dated: _____

Heidi Rooks
Assistant to the California Bay-Delta Authority